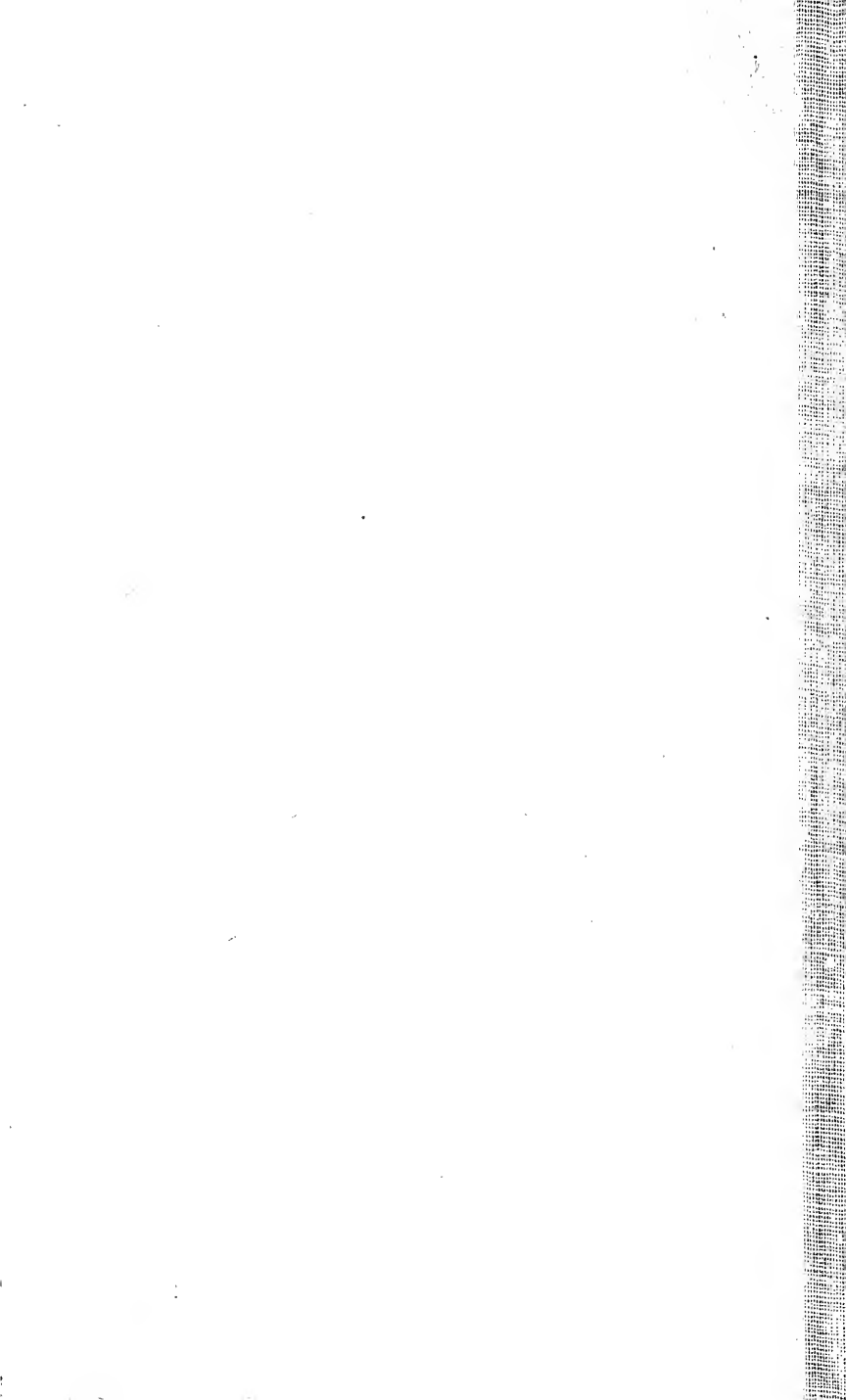




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THE
PRINCIPLES OF CURRENCY
DEVELOPED;

TO WHICH IS ADDED,

“THE BIRMINGHAM BATTLE,”

BEING STRICTURES UPON THE

OPINIONS OF MESSRS. COBBETT AND ATTWOOD.

**PRINTED BY G. HAYDEN,
Little College Street, Westminster.**

THE
PRINCIPLES OF CURRENCY
DEVELOPED:
AN
ENQUIRY
INTO
THE CAUSES OF DISTRESS,
AND THE
MEANS OF RELIEVING IT;
A PRACTICABLE PROPOSITION FOR THE IMPROVEMENT OF OUR
MONETARY SYSTEM;
AND
STRICTURES UPON THE OPINIONS
OF
MESSRS. ATTWOOD AND COBBETT,
AS REPORTED TO HAVE BEEN DELIVERED BY THEM AT
“THE BIRMINGHAM BATTLE.”

BY JOS. D. BASSETT, ESQ.

“It has been remarked, that though a considerable portion of the Bank evidence has already been laid before the public, and though at different periods, in 1810, 1819, and 1826, long discussions took place on the state of the Currency, yet that little appears to be understood of the matter even at this time.”—TIMES NEWSPAPER.

LONDON:

PUBLISHED BY PELHAM RICHARDSON, 23, CORNHILL.

1833.

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ADVERTISEMENT.



THE Author, flattering himself that this little Work may contain explanations of some difficulties not yet understood, and that it may afford some suggestions well worthy of attention, is induced by these reasons to submit it to the inspection of the Public.

London, June, 1833.

AN ENQUIRY
INTO
THE CAUSES OF DISTRESS,
AND THE
MEANS OF RELIEVING IT.

I ~~PROPOSE~~ to enquire into the causes of our distress, and the means of relieving it. But, first, it is necessary to define the term distress, and next to ascertain, as well as I am able, to what extent it exists.

Distress, or rather misery, and prosperity, or rather happiness, results from a comparison of our existing with an immediately antecedent state. A person on foot sees another travelling in a carriage; and one who satisfies the cravings of hunger with the coarsest food sees another feasting on the choicest fare; this may induce him to envy the other's enjoyments, but he cannot be rendered miserable by them:—but a person having an annual revenue of £100,000., and suddenly losing half of it, fancies himself ruined; while another, who, having an income of £20. a year, and finding it suddenly augmented to £50., deems himself the happiest fellow in the world. Now, in a great manufacturing and commercial country like England, the alternations of prosperity and poverty regularly take place as day succeeds to night. For instance, the price of some particular kind of goods, say those of Manchester

or Birmingham, has risen in a foreign market ; the merchants in England are informed by their correspondents of that rise ; each hastens to send his orders to the manufacturers of those towns, requiring the delivery of such goods in a certain time ; the manufacturers engage additional hands at advanced wages ; the labourers in full employment, and full pay, indulge themselves in a greater proportion than usual with the necessaries and comforts of life ; but the effect of the competition among the merchants is to overstock the market ; a part of the goods may have been sold well ; a part for less than they cost ; and the rest remain upon hand to be disposed of only in the ordinary course of trade. In the mean time, the manufacturing labourers are no longer employed, or they work at reduced prices ; and, comparing their existing state with their past prosperity, believe it to be worse than it actually is, while their discontent is augmented by the unqualified assertions of itinerant lecturers, who, for a shilling a-head paid at the door, persuade them they are starving upon $2\frac{1}{2}d.$ a day, and that they are cruelly neglected by the Government, which refuses to quarter them upon the industry and foresight of other people.

It is however too true, that the distress of the people is not always imaginary, nor does it arise only from the fluctuations of trade : it has been, and continues to be, in a gradually progressive state. Let us endeavour to ascertain what are the causes of it, that we may learn to apply a befitting remedy.

Labour is the only wealth of the majority of the people ; it is a commodity which they carry to market, and which bears a price that rises or falls in the ratio of the demand beyond the supply, or of the supply beyond the demand, as does the price of every other commodity.

The questions then to be determined, in order to account for the distress of the labourer, and to provide a remedy for it, are—1st. Has the demand for labour diminished? 2dly. Has the supply of labourers increased? 3dly. By what means can the demand for labourers be increased? 4thly. By what means can the supply of labourers be diminished?—(*Appendix, E.*)

I. The demand for labour has diminished, 1st, in consequence of the extended use of manufacturing machinery; 2dly, by the inferior soils being thrown out of cultivation, in consequence of the reduced price of corn.

II. 1st. The supply of labourers has increased; the high wages of labour during the war encouraged early marriages, and the produce of those marriages becoming adults, are every day adding to the labour-market. 2dly. The improvements which have been made in machinery for economizing labour have, by depriving manufacturing labourers of a demand in their particular employments, thrown them upon the general labour-market. 3dly. The supply of labourers brought over daily by the steam-packets from Ireland has likewise caused the demand for it to be considerably lessened.

III. The demand for manufacturing labourers may be increased, 1st, by extending the foreign market, which Government seems resolved to do, by ceasing to sacrifice the welfare of the whole to the interest of a part; 2dly, by extending the home-market. Although it is not the business of a Government to afford employment for labour; yet, should there exist any laws by which labour is opposed, it is doubtless the business of Government to abolish them.

In the year 1796, a Committee of the House of Commons ascertained that there were in Great Britain 21 mil-

lions of acres in a state of waste, capable of being improved in the following manner :—

3 millions of plantations, at 8s. per acre . .	£1,200,000
14 millions of upland pasture, at 5s.	3,500,000
3 millions of tillage, at 10s	1,500,000
1 million of watered meadow, at 30s.	4,500,000
<hr/>	
21 Total.	£7,700,000
<hr/>	

Of these 21 millions of acres, it appears, that in the year 1817, 2,329,000 acres had been inclosed by 1941 enclosure bills, passed subsequent to the report, since which time, the price of the produce of land being diminished, and the larger and more valuable commons being probably mostly inclosed, the disposition to cultivate waste lands appears to be much abated.—*En. Brit.*

It is not however the abstract circumstance of the price of the produce of land being diminished, and the larger and more valuable commons being mostly inclosed, that prevents the disposition to cultivate waste lands ; but the consideration that under the diminished price of the produce of land, the smaller and less valuable commons, will not pay the expense of inclosing, subject, as the cultivators would be, to be deprived of the tenth of the produce by the tithe-taker, and to the expenses of an Act of Parliament to permit the inclosure.

We may hope that the Tithe Laws will be speedily ameliorated, but there seems to be no disposition in Parliament to diminish those expenses which arise from the passing of enclosure bills.

The necessity for passing enclosure bills arises from a wish, first to protect the rights of tenants in common ; and, secondly, to secure to the cultivator the fee of the

land so enclosed and cultivated from the claims of tenants in remainder: to effect which objects, a Committee of each House of Parliament is appointed to enquire into the expenses of enclosing, and the estimated value of the land when enclosed; upon the report of which Committee the House passes or rejects the bill. The expenses of procuring the bill arise from the payment of fees to the officers of the two Houses of Parliament, and the journeys of the attornies and witnesses, frequently from a distant part of the kingdom, to the metropolis, and in consequence of their residence in it, during the whole progress of the bill through one House of Parliament, and two stages of it in the other.

Now, as far as regards the proceedings before the Committees of the two Houses of Parliament, they might take place before the sheriff of the county or his deputy, and a jury empannelled upon the spot; and would answer the end proposed much better than when taken before a committee of either House of Parliament, not a member of which, perhaps, either knows or cares any thing about the matter; and it may occasionally happen, that some of the members may oppose or promote the measure for the purpose of answering a private end. The sheriff, or his under sheriff, and the jury, having found the expediency of effecting the enclosure, should then certify the same to the Lord Chancellor and the Speaker of the House of Commons, who should thereupon take the proper measures for ulterior proceedings, without prejudice however to the opposition of parties, who might think themselves aggrieved by the verdict. With regard to the fees payable to the officers of the two Houses of Parliament upon the passing of private bills, they ought in justice to be abolished altogether—as they are only

to be compared to the presents which people are required to bring when they have a petition to present to an Eastern despot. It is a reflection upon the humanity as well as the policy of the Legislature of Great Britain to say that a person shall not be suffered to furnish a starving population with food, nor an unemployed population with the means of obtaining it, unless he pays Parliament for leave to do so ; because, forsooth, he will confer a benefit at the same time upon himself.—(*Appendix, F.*)

IV. The fourth question is, how can the supply of labourers be diminished ? It is said, “by emigration.” Emigration, however, is not only attended with an enormous expense, but that which is compulsory is also impracticable ;—it is likewise accompanied with this further evil, that by raising the wages of labour, it lays the foundation for an additional supply of extra hands ; so that in fact it would be a perpetual annual tax upon the public. In the present state of the case, it would be like a farmer who ploughed and manured his land without cleansing it. Moreover, it is an unwise policy to send abroad a population which might add to the wealth and strength of their country, while there are the means of maintaining them at home ;—and that there are ample means of maintaining them at home appears very evident from the documents to which I have referred. There are also six millions of waste lands in Ireland ;—abundantly sufficient to afford labour for all the inhabitants of that country. The difficulty then consists, not in determining how the supply of labour may be diminished, but how to prevent its increase to such an extent as to become an incurable evil ;—and the only means that I know of at present is—to adopt the proposition of Mr. Malthus, “that the children of marriages solemnized after the passing of the Bill,

and illegitimate children born after that period, shall be entitled to no parochial relief."

There are many persons who consider the system of the English poor-laws to be the most beautiful feature in its polity; and certainly in theory nothing can be more gratifying than the consideration, that there is always at hand a provision for sickness and old age; but it must be admitted, that a system is worthy of no great commendation, that makes a hundred young people dissipated and improvident for the benefit of a single old one. It has been said by many persons, "that a modified system of poor-laws is desirable for Ireland;"—I am not ashamed to say, that to me such language is unintelligible.—Nothing can be more simple than the statute of Elizabeth, which is the basis of our poor-laws;—it directs the overseers of the poor of every parish to provide employment for the aged and infirm; yet we see that the effects of the law in its application has been to create a nation of paupers, instead of being to relieve a few individuals. No priest in Germany is permitted to marry persons without a licence from the police; and the police grants that licence only to persons who are able to shew that they are capable of maintaining a family. I am myself no friend to any restraints upon liberty; but I cannot avoid saying that, if the community is obliged by any system of laws to maintain those who are incapable of maintaining themselves, it has a right to adopt such precautionary measures as it may deem proper, to prevent the increase of such an evil.

A PRACTICABLE
PLAN FOR THE IMPROVEMENT
OF OUR
MONETARY SYSTEM.

THE *legal* coins of the realm, before 1819, were of silver; in this metal all private and public loans were made, and all contracts and bargains were engaged to be fulfilled; when Parliament passed a law, ordaining that all such engagements as were to be performed in silver, at the rate of a pound of silver for every three pounds, three shillings, should be performed in gold, at the rate of an ounce of gold for every three pounds, seventeen shillings, and tenpence halfpenny. Now, a law which interferes between individuals—which sets aside all agreements, and substitutes others in their stead, can only be justified by extreme necessity; let us consider what reasons have been assigned for this very strong measure, and the effect it has produced.

The reasons which have been given for altering the standard coin of the realm from silver to gold are, *first*, that it is desirable the standard of value should also be the instrument of exchange; and, *secondly*, that gold is a more steady standard of value than silver. Now neither of these propositions happens to be true.

First, it is not necessary that the standard of value should also be the instrument of exchange: timber is the standard of value to a person who sells timber, but tim-

ber is not the instrument of exchange ; corn (which is converted into coins on the rent-day) is the standard of value to the Colleges of Oxford and Cambridge; and persons making a bargain for future payments, may fix upon any commodity they please in which to have those payments made.

Secondly, gold is not a more steady standard of value than silver, because, being more portable, it may be speedily collected in large sums for the use of any Sovereign engaged in a warlike expedition, who prefers paying a higher price for it to the inconvenience of transporting silver. The Emperor of Russia, previous to his late war against Turkey, provided himself with gold, and, by raising its price in England, reduced that of all other commodities.

Now, the effect produced by this change of the standard—a change determined upon at the moment of the greatest pecuniary embarrassments, and continued through a period of extraordinary difficulties, has been to increase those embarrassments and difficulties £6. 13s. 4d. per cent. ; by adding which sum to the depreciation of the currency in any given year in the subsequent table, we shall see how much more difficult the completion of a pecuniary engagement is at the present time than it was then, supposing no alteration in the exchangeable value of the commodity with which the currency is bought.

When this bill was passed, in the year 1819, 15 ounces of silver were equal in exchangeable value to an ounce of gold ; at the present moment, 16 ounces of silver are equal in exchangeable value to an ounce of gold. A French franc is equal in value to 10d. sterling—twenty-four French francs are, therefore, equal to 20s., or a pound sterling ; but a person who, being at Paris, draws a bill

upon London, receives 25 French francs for every pound sterling ; the reason is, because the bill is paid in London in sovereigns, and a sovereign is worth 1-15th more than a pound sterling. I am now writing from Munich, in which city accounts are kept in florins and kreutzers—11 florins are equal to a pound sterling, and 60 kreutzers are equal to a florin ; I get, for every pound sterling that I draw upon London, from 11 florins, 50 kreutzers, to 12 florins ; the reason is, as I have already stated, it is paid in London in sovereigns, and a pound sterling is worth only 11 florins, while a sovereign is worth 11 florins and 44 kreutzers, the remainder of the sum varying from 6 to 16 kreutzers, being the actual course of exchange in favour of London. Now what has occasioned this difference from 15 to 16 against silver ? Has the value of silver fallen relatively to the value of gold, or has the value of gold risen relatively to the value of silver ? By accounts we have from the mining countries of the Western Continent, the productions of the silver mines have fallen off, in consequence of the troubles in those countries, so that, for some years past, they have been unequal to the annual consumption : the value of gold, then, has risen relatively to silver, not, probably, by any decrease in the quantity of gold brought to market, as compared with silver, but by the general demand for gold in England, where it has superseded, not only the silver currency, but also the circulation of the paper currency, under £5.

If we estimate the sum paid by the people to Government at fifty millions, which it probably is, the expense of collecting being included, the change from a silver to a gold currency costs the people £3,333,333. $\frac{2}{3}$ a year, and it subjects every farmer, who took his farm before that

alteration happened, to an additional payment (including his taxes) of 10 per cent. (*Appendix, G.*)

When the standard of the realm is again brought back to silver, at the rate of three pounds three shillings, the pound sterling, I would propose that the Bank of England, or some other establishment to be named by Parliament, should be allowed to issue notes, for not less than one pound one shilling, each, which notes should be received in all payments as a legal tender, provided that such establishment should be obliged to give silver, of standard fineness, in exchange for its notes, a certain quantity being demanded, whenever the price of silver should rise above 5s. 3d. an ounce in paper, the price to be signified twice a week in the Gazette, by authorities to be named by Parliament for that purpose.

The saving to be made by returning to a silver currency, by the saving upon the wear and tear upon a gold currency, and by the diminution of the expenses of the Mint, together with the sum which a banking establishment would give for the licence of issuing such a paper as I recommend, would effect a difference in the finances of the country, in favour of the people, of little less than five millions a year.

It behoves those who have been accustomed to consider gold and silver as very valuable commodities (as, in fact, they are), and, therefore, to require to receive a valuable commodity in return for what they part with, to ask themselves, what they mean to do with a metallic currency when they have it? Do they mean to hoard it? A paper currency, such as I propose, will buy the precious metals in bars; the Mint (for I mean not to abolish, but to reduce that establishment) will convert them into coins. Do they mean to part with it again for some other com-

modity, of equal value with that which they gave for it ? My paper currency will answer the end as well as gold ; half our present currency consists of Bank of England notes, which answer all the purposes of coins. But, you say, a paper currency is liable to become depreciated—that it was depreciated previous to our adopting a metallic currency. True ; but that was an inconvertible paper : when a metallic money is employed, that does not become depreciated ; because the excess of the issue is thrown out of circulation by persons who make money by doing so, and a paper, convertible when it becomes depreciated, would be thrown out of circulation by the same persons, for the same reasons—that they would make money by doing so. In the mean time, the Bank established by law would be protected from the danger of a run ; people would learn that bank paper was not the representative of gold and silver in the coffers of a banker, which might or might not be there—or of credits, which the Bank of England might or might not have, with merchants, who might or might not be solvent ; but that it was the representative of all the wealth in the kingdom ; and, considered merely as an instrument of exchange, it is as valuable as the precious metals, for the precious metals themselves, as long as they are in the form of coins, are fit for nothing else.—(*Appendix, H.*)

With respect to the country banks, let all restrictions upon them be abolished ; restrictions are a violation of the liberty of the subject, which the constitution is instituted to preserve ; the duties of a government are, to protect the realm from foreign force—individuals from domestic wrong, and to erect such edifices for the general good, as no individual would find himself required to erect, but not to interfere with private concerns : and the

wisdom of this rule is evident from this consideration, that perhaps there never was a single law passed, which had for its object to improve the condition of the people, that was not ultimately found injurious to them. But, it is said, see what mischief has accrued by the failure of country bankers : upon whom, I ask, has it fallen, but upon those who have been foolish enough to trust them. But, it is added, this has been occasioned by the circulation of £1. notes. I deny it ; and my denial is better than a bare assertion, because such an assertion rests upon surmise, whilst mine is supported by the example of the Scotch bankers and by reason. If the country bankers had circulated more £1. notes than the country required, those notes would have been returned upon the issuer as soon as issued ; while their expulsion from circulation, and the circulation of sovereigns in their stead, has been one of the causes of raising the value of the currency $\frac{1}{15}$, and of adding £6. 13s. 4d. per cent. to the burdens of the people. Country bankers are a very useful class of men ; their immediate business is to procure a safe borrower for those who have small sums to deposit, and a ready lender for those who have small sums to borrow for a short period ; by which latter occupation they facilitate business, of which punctuality is not unaptly termed the soul. The failures of bankers in the year 1825 arose, in very few instances, from their own imprudence ; they were occasioned by the nature of their engagements, which usually are to pay their debts at sight, and to give their credits at two months ; so that if a panic seizes their creditors, and the bankers are required to pay their debts before they can collect their credits, they must necessarily fail. The Bank of England is as liable to a run, and to a statute of bankruptcy, as the most insignificant banker

in the kingdom ; and there being, perhaps, no less than thirty millions of paper notes in circulation at this time, all which the issuers are liable to pay with sovereigns upon demand ; if a simultaneous run were to take place upon these establishments, and the issuers of the notes were required to cover them with gold, the consequence would be a general bankruptcy, for gold to that amount could not be procured—paper would not be received, and assuming the currency of England to be fifty millions, the price of all commodities would fall from 5 to 2. It is true that this hypothesis is not very probable, but it is not impossible, and it is the duty of the Legislature to guard against all contingencies. If such an event were to happen, it would be no excuse for Parliament to say—
“ Who would have thought it ? ”

THE
PRINCIPLES OF CURRENCY,
AND THE
LAWS BY WHICH IT IS GOVERNED;
WITH REMARKS UPON THE
BIRMINGHAM BATTLE.

THE deplorable ignorance which has been manifested, as well by the press as by orators in and out of Parliament, upon the subject of Currency, requires that there should be laid before the public a simple and easy solution of a question, which, although not difficult in itself, has been rendered so by the manner in which it has been treated; if the persons who have engaged to inform others had taken the trouble of first informing themselves, they would have found in "the Wealth of Nations" the end of a skein, their attempts to unravel which have puzzled both themselves and their readers.

If a tradesman in London were to supply a tradesman in York with sugar, and the tradesman in York were to make his remittances in broadcloth, the quantity of the one commodity given for the other, with the ordinary demand existing for both, would be balanced on either side by the rent, labour, and profit, with which each is usually charged. If a Londoner should obtain from a

Yorkshireman (say) £100. worth of cloth for £80. worth of sugar (a supposition not very probable), some kind friend, envious of his good fortune, would seek the custom of the Yorkshireman, by offering to supply him upon better terms; and, on the other hand, if a Yorkshireman should get from a Londoner £100. worth of sugar for £80. worth cloth (an hypothesis not a jot more likely), some Yorkshire neighbour would soon be found to do a like good office for the Londoner. This, then, is the law which, in the long run, governs all exchanges: that “as much of one commodity is given in exchange for another as has cost an equal sum of rent, labour, and profit, or of one or more of them, to bring it to the market in which the exchange is effected;” or, in fewer words, that “exchanges are effected, in the long run, *VALUE FOR VALUE.*” This is the law which regulates the exchanges between a merchant at Liverpool, who sends tobacco to Bourdeaux, and a merchant at Bourdeaux who sends him claret in return; which regulates the exchanges between a manufacturer at Manchester and a shopkeeper in the metropolis; and which also regulates the exchanges between a merchant at Buenos Ayres, who sends gold and silver to Birmingham, and Mr. Attwood’s customer, who supplies the market at Buenos Ayres with skates and warming-pans.—(*Appendix, A.*)

At a very early period of society, mankind must have been sensible of the inconvenience of making the smaller domestic exchanges by means of barter. A hunter who had venison to part with, and wanted a hut to be built, had not only to enquire for a person who could build him a hut, but for such a person who was willing to take venison for his trouble; and a builder of huts, who wanted food, had not only to enquire for a hunter who had food

to part with, but for a hunter who, having food to part with, was content to take for it in exchange the labour of a builder of huts. In such a state of things, all prudent people must have endeavoured to exchange what they had to part with, for something which no one was likely to refuse in exchange, for what he had to part with ; and this common disposition at length induced every society, after emerging from a state of perfect nature, to adopt some commodity or other, which was offered and received by universal consent, in exchange for all other commodities ; which commodity, so adopted, cannot be called by a more appropriate name, that I am aware of, than “ currency.”

Various commodities have been employed by different people, at different periods, to serve as currency, but the preference has been at length always given to metals, and iron seems to have been the first metal employed for that purpose.

But, as commerce increased, iron was found to be a very inconvenient instrument of exchange, because, as it contains a very little value in a great weight and bulk, it required much labour to bring to market a small portion of currency ; and, therefore, iron was abandoned, and copper and silver were substituted in its stead.

As long as iron was employed for currency, weights and scales alone were wanted to adjust a bargain between the seller of iron, and the person who gave any other commodity in exchange for it ; because, iron being the cheapest of all metals, with reference to its weight, a person who had adulterated it, that is, who had mixed with it any other metal dearer than iron, with reference to its weight, would have been a loser by doing so : but when copper and silver were employed for currency, people dis-

covered that it was a profitable employment to mix a cheaper with a dearer metal, and to pass the whole as pure ; that is, to mix iron with copper, and to pass the whole as copper, and to mix copper with silver, and to pass the whole as silver ; in consequence of which practices, it became necessary for the purchasers of currency to *assay* as well as to weigh it, that is, to ascertain, by a certain process, that the metal offered for currency actually contained no mixture of one that was cheaper than itself.

As the process of assaying and weighing metals, employed as currency, necessarily occasioned a great waste of time and labour, governments, soon after the dearer metals began to be used as currency, undertook for their subjects the task of assaying and weighing small portions of them, and, having done so, affixed upon each portion a stamp, which bore witness to its purity and weight : the operation of stamping is called “ coining,” and the pieces of metal so stamped “ coins ;” and in every country where this operation has taken place, the circulation of coins has superseded the inconvenient practice of assaying and weighing metals by individuals in the open market.

While metals, subject to the operations of assaying and weighing, were employed as currency, no more metal was given in exchange for any other commodity than it was worth, “ value for value,” according to the general law which governs all exchanges ; neither was any more given when its purity and weight were testified by a government stamp ; for, although the metal so stamped was fit for no other purpose than currency, and was, therefore liable to acquire an *exchangeable* value, separate and distinct from its *natural* value, as the demand of the market for coins happened to exceed, or to fall short of, the sum

in circulation ; yet that evil was constantly and speedily remedied, by the vigilance and activity of the dealers in metals, who, when at any time the *exchangeable* value of bullion, in the shape of coins, was raised above its *natural* value, by reason of the deficiency of a supply of coins, or at least when it was raised to such an extent as to make it worth their while, (*see Appendix, B*), carried bars of metal to the Mint (the place where the operation of coining is performed), and caused them to be converted into coins ; by which operation, they gained the difference between the natural value of the metal, in the shape of bars, and its superior exchangeable value in the shape of coin ; and when, at any time, the exchangeable value of the coins was fallen below their natural value, by reason of their superabundance, threw into the crucible the excess of the coins, and, by converting them into bars, gained the difference between the reduced exchangeable value of bullion, in the shape of coins, and its natural value in the shape of bars. For example, an ounce of gold bullion, of a certain fineness called “standard,” is coined into £3. 17s. 10½*d.* ; an ounce of gold bullion of standard fineness, in bars, and £3. 17s. 10½*d.* in coins are, then, of equal natural value ; but if there should be a deficiency of gold coins in circulation (say), amounting to $\frac{1}{12}$, £3. 17s. 10½*d.* in coins would purchase more, by $\frac{1}{12}$, of any other commodity, than an ounce of gold bullion in bars ; on the other hand, if there were to be a superabundance of gold coins in circulation, to the amount of $\frac{1}{12}$, an ounce of gold bullion, in coins, would purchase less, by $\frac{1}{12}$, of any other commodity, than an ounce of gold bullion, of standard fineness, in bars ; but if an ounce of gold of standard fineness, in the shape of coins, should purchase more of any other commodity, by $\frac{1}{12}$, than an

ounce of such gold in bars, the bullion merchants would carry bars of gold bullion to the Mint to be coined, and gain $\frac{1}{12}$ of £3. 17s. 10½d., or somewhat less than 6s. 6d., upon every ounce of gold bullion coined; and if an ounce of gold bullion, in bars, should purchase more of any commodity, by $\frac{1}{12}$, than £3. 17s. 10½d. in coins, they would throw the coins into the crucible and reduce them into bars, and gain the same difference upon every £3. 17s. 10½d. in coins, reduced into bars. In this manner, the exchangeable value of the coins of every country being kept upon a level with the exchangeable value of the metal of which they are formed, and the exchangeable value of the metal of which they are formed being kept upon a level with its natural value, and upon a level with the natural value of all other commodities, by the law of exchanges, the exchangeable value of money, and the natural value of all other commodities, settle themselves, in the long run, upon the same level. It has happened, I believe, in every state, that at some time or other the Sovereign, for the purpose of more easily paying his debts, has caused a quantity of alloy to be mixed with the metal of which the currency was formed, and causing the coins to be formed of the same size as before, has passed them as pure metal; but wherever this has been done, the price of all other commodities has risen in the ratio of the debasement of the coins, for the value of other commodities is measured, not by the *nominal* value of coins, but by the actual value of the pure metal contained within them. Thus, for example, suppose that the average price of a quarter of wheat is £2. 10s. 3d., and that the Government, instead of coining an ounce of gold, of standard fineness, into £3. 17s. 10½d., were to coin it into £5. 16s. 9¼d. which sum is to the former as 3 to 2, the effect of such a

measure would be, to raise the price of a quarter of wheat from £2. 10s. 3d. to £3. 15s. 4½d., that is, in the same ratio of 3 to 2. The wheat and the gold would still continue to be exchanged "value for value."

Such is the law which governs a metallic currency: let us now consider the nature of a paper currency.

A paper currency may consist, first, of an unlimited sum of notes, which the issuers are required by the law to exchange for coins, at the will of the holders; secondly, of an unlimited sum of notes, which the issuers are not required by the law to exchange for coins, at the will of the holders; and, thirdly, of a limited sum of such inconvertible notes.

First, the amount of the sum in circulation of notes, which the law requires shall be exchanged for coins by the issuers at the will of the holders, never can exceed, in any country, the sum of the coins which would be circulated within it if such notes were not issued; for an issue of notes received by the public, at the same value as the coins which they profess to represent, produce upon the sum of currency in circulation the same effect as an issue of coins; that is, by adding to its amount, it depreciates its exchangeable value, in the inverse ratio of the sum issued; but when the currency is depreciated by an issue of notes, the operations of the bullion merchants begin, and continue till as many coins are melted down, and thrown out of circulation, as are equal to the nominal amount of the notes issued; and this they do as often as there is a fresh issue of notes, till the coins are all driven out of circulation; and when the coins are all driven out of circulation, if the issue of notes be still continued, the exchangeable value of the notes falling below the natural value of the coins they profess to represent, the bullion

merchants require the issuers to give coins for them, which coins they melt down and convert into bullion, and gain the difference between the exchangeable value of the notes and the natural value of the bullion, till, the excess of the notes being thus thrown out of circulation, the remainder becomes of equal exchangeable value with the coins which the notes profess to represent : and then the operations of the bullion merchants cease, because no profit results from them. Dr. Adam Smith has informed us, in his "Essay on the Wealth of Nations," that the Scotch bankers know, by experience, the sum of money required by the country, within the range of their paper circulation, and do not venture to issue more ; for, if they were to do so, the excess would return upon their hands as soon as issued, to be exchanged for coins, and thus they would be subjected to the expence of keeping in their coffers a larger sum of the precious metals, to the amount of the notes so issued, than they would otherwise be required to do.

Thus, the exchangeable value of notes, which the issuers are obliged by the law to exchange for coins, when required by the holders to do so, is equal to the natural value of the commodities purchased by them ; because the exchangeable value of such notes is equal to the exchangeable value of the coin they profess to represent, and, as we have already seen, the exchangeable value of coins is kept upon a level with the value of the metal of which they are formed by the operations of the bullion merchants, and the natural and exchangeable values of bullion, and of all other commodities, are kept upon the same level by the general law which governs all exchanges.

Secondly, an unlimited sum of notes, which the issuers

are not obliged by the law to exchange for coins, when required to do so by the holders, whatever may be its nominal amount, never can exceed, in exchangeable value, the value of the coins which would circulate if a paper money were not employed; and, consequently, the larger the sum in circulation, the less will be the value of every unit of it. If, for example, sixty millions of inconvertible notes were to be employed, in a country which requires for circulation only fifty millions of pounds sterling, sixty millions of notes would be equal, in exchange, only to fifty millions of pounds sterling, and every note for £1. sterling would be worth only $\frac{5}{6}$ of a pound sterling, or 16s. 8d.; if seventy millions of such notes were to be employed in such a country, seventy millions would be equal in exchange to only fifty millions of pounds sterling, and every note for £1. sterling would be worth only $\frac{5}{7}$ of a pound sterling, or 13s. 7½d., and so on, the exchangeable value of the notes always falling in the inverse ratio of the sum issued. The paper dollars of America, according to a statement in the supplement to the *Encyclopædia Britannica*, continued to be depreciated, by a kind of gradual progression, from the year 1777 to the year 1780 (the latter period of the war by which America acquired her independence), till they were passed, by common consent, at $\frac{3}{4}$ below their nominal value; and Wolfe Tone has observed in his memoirs, that the assignats of France, at the commencement of the great revolutionary war in that country, fell to 200 times below their nominal value. The paper money of the Bank of England fell at one time, during the continuance of the Bank Restriction Acts (in the year 1813), about 35 per cent. It was fortunate for Great Britain, that every restriction bill which was passed contained a clause, providing that the Bank

should return to cash payments within six months after the signing a definitive treaty of peace, a circumstance which, by naming an uncertain period when its notes should be exchanged for cash, operated as a check upon the Bank against a still more extensive issue of them, and, consequently, prevented their still greater depreciation.

Thirdly, a limited sum of notes, which the issuers are not required by the law to exchange for coins, at the will of the holders, may be inferior to the wants of the country in which they circulate, or may exceed them (it is impossible that they should exactly equal those wants for two days together, in a country where the sum required for circulation varies from day to day). If a limited sum of paper money be employed in any country, inferior to its wants, no mischief can arise from it; for the remainder of the sum required will be supplied with a metallic money, which will be subjected to the crucible or the Mint, as circumstances may render necessary, to keep the whole sum in circulation upon a level with an entire metallic money. But, if a limited sum of inconvertible paper be employed in any country, exceeding its wants, it would cause the most ruinous fluctuations in the prices of all commodities. For example, suppose Great Britain requires for circulation a sum of money, varying from forty to sixty millions sterling, and that the Government, with the intention of relieving the distress of the people, were to issue eighty millions, the result would be, that when the wants of the country required a circulation of sixty millions, every commodity would be sold for more than it was worth, in the ratio of 8 to 6; that is, a commodity worth £1. would be sold for £1. 6s. 8d. : when the wants of the country required a circulation of fifty

millions, the same commodity would be sold for £1. 12s., that is, as 8 to 5 : and when the wants of the country required a circulation of only forty millions, the same commodity would be sold for £2., that is, as 8 to 4. It is true that, under such a monetary system, the prices of other commodities would not continue to decline progressively, till the largest sum in paper would not be equal in exchangeable value, to the fraction of a fraction of the smallest coin, as they would if an unlimited issue of inconvertible paper money were to be allowed ; but the fluctuations in the price of all commodities would be so ruinous, that such a currency would be soon abandoned by common consent, and people would return again to the old system of assaying and weighing metals, however inconvenient ; for no one would sell to-day a commodity worth 40s., for a piece of paper which, a week after, might not procure for him a commodity worth more than £1. 9s. 8d.

I trust that I have now rendered familiar to my readers the Principles of Currency, and the laws by which it is governed ; and that I may be allowed to test by them the opinions reported to have been delivered by Messrs. Attwood and Cobbett, at what has been ludicrously called “ **THE BIRMINGHAM BATTLE** ; ”—a meeting where those two gentlemen seemed like the quack doctors in Hogarth’s *Harlot’s Progress*—one vehemently recommending his draught to a dying patient, the other insisting with no less violence upon the efficacy of his pills, while neither appears to understand the nature of the nostrum he prescribes ; and I may add too, that, like quack doctors, they appeared to persuade people they were ill, that they might be employed to cure them.

Mr. Attwood assuming that the issue of Bank of England notes amounts to only 16 millions, proposes as a remedy for the distress under which he contends the country labours, that the sum of notes shall be extended to 25 millions, [I presume by Act of Parliament,] but whether he intends that these 25 millions shall consist of convertible or inconvertible paper I do not know—neither, perhaps, after what I have written, will it be deemed worth while to enquire ; and he supports his recommendation by observing, that at some former period, when the Bank of England extended its issues, he foretold prosperity, and prosperity ensued ; and at another time, when it contracted its issues, he foretold distress, and distress ensued. He has not however informed us whether his opinion is that such prosperity and distress were the results of his predictions, or of the extension and contraction of its issues by the Bank of England : for certainly one is as probable as the other. Judging by the continued prosperity of the Bank of England, we ought not to believe too readily that its directors do not know how to manage their own concerns ; nor that, as its revenue depends in a great measure upon the extent of its paper circulation, they would limit that extent beyond what is necessary. The fact, however is, that Mr. Attwood appears to have mistaken an effect for a cause : the extension and contraction of the paper of the Bank of England, at the times alluded to by Mr. Attwood, were the effects of the prosperity, and distress of the country ; and not the causes of it. The sole cause of prosperity is a demand for the produce of labour exceeding the supply of it, and the sole cause of distress is a supply of the produce of labour exceeding the demand for it. The extension and contraction of the issues of the Bank of England neither increased nor diminished the demand for the pro-

duce of labour ; but the demand being made elsewhere, it enabled the merchants, and the manufacturers whose capitals were locked up in credits, to comply with it sooner than they could otherwise have done ; and the demand for the produce of labour ceasing, the issues of the Bank were contracted, not because the Bank wished to contract its issues, but because merchants and manufacturers no longer requiring the assistance of the Bank, did not chuse to pay interest for money they did not want. To say that the extension and contraction of the issues of the Bank of England are the causes of prosperity and distress, is no less absurd than it would be to say that the rise and fall of mercury in the barometer are the causes of good weather and bad.

Mr. Attwood, in support of his recommendation, had then recourse to another argument, (if I may apply such a term to his observation.) He said that “Russia had issued, during the last war, forty millions of paper rubles, and Austria thirty millions of paper florins ; that the paper of Russia had fallen to one quarter, and the paper of Austria to one third of its nominal value, and that the *Governments of those countries are not so senseless as to return to an entire paper currency.*”

I have not the honour of being personally acquainted with Mr. Attwood ; but I have heard that he is a man of probity and honour, (though a little wrong-headed,) and a banker at Birmingham ; and with that information I confess I was a little surprised to find him speaking in such gentle terms of one of the most shameful acts of swindling that ever was committed by arbitrary power ; and insinuating that a person was to be commended who refused to pay a promissory note, if there existed no law which compelled him to do so.

The transactions to which Mr. Attwood alludes may be described in a few words. The Emperors of Russia and Austria requiring, during the late war, more money than they could collect from their subjects, supplied the deficiency by issues of their own promissory notes, which, being inconvertible, and issued in larger quantities than the sum of coins which would have circulated in their respective governments if the paper had not been issued, fell in their exchangeable value to the amount mentioned by Mr. Attwood; when those monarchs resolved to receive their own promissory paper, not at such a sum as they had engaged to give for it, but at such a sum as other people were content to give for it: thus, the currency of those countries is not *entirely* metallic, for a part of it consists of those dishonoured notes.—(*Appendix, C.*)

Let us now turn to the other combatant, Mr. COBBETT.

Mr. Cobbett, assuming that the high price of agricultural produce during the last war, when the principal part of the public debt was contracted, was the effect of the depreciation of the currency, resulting from the Bank Restriction Acts, recommends that Parliament should have recourse to what he calls “an equitable adjustment;” and, after having expressed “the horror he feels at seeing a bloated rascal, with an inkhorn strung to his buttonhole, stalk into the house of an Englishman, and demand money from him,” proposes, with his accustomed consistency, that “Government should be enabled to ascertain, by means of two or three commissioners, the stature, age, employment, and even as to whether he had a crooked thumb or a straight one, of every man in the kingdom, to which three or four commissioners all contracts, mortgages, and deeds of settlement should be submitted;” and

then this equitable adjustment is to consist in awarding to those who claim money, by virtue of any agreement made during the continuance of the restriction acts, a sum of no greater amount than they would be entitled to receive, if the money they lent at that time had not been depreciated by the operation of those acts.

Mr. Cobbett, like many other persons, appears to entertain a very erroneous idea of the effect produced by the Bank Restriction Acts upon the price of agricultural produce, during their continuance, and to imagine that they were the chief causes of the elevation of that price above its natural value; whereas, in point of fact, the Bank Restriction Acts contributed towards that elevation in a very small degree: he seems not to know that price, or the sum of one commodity given in exchange for another, does not depend upon the relative scarcity or abundance of only one of the two commodities, but upon the relative scarcity or abundance of both. For example, suppose two persons to be in the habit of interchanging with each other the produce of their respective labours, and that, when the demand for and the supply of the produce of each were upon the same level, each gained by a day's labour six shillings; now, if the demand for the produce of the labour of one were to exceed the supply by one-half, the price of the produce of his day's labour would rise from 6s. to 9s., and he would give the other man, not the produce of a day's labour for the produce of a day's labour, as before, but only two-thirds of the produce of a day's labour for the produce of the whole day's labour of the other man; and, if the supply of the other man's day's labour were to exceed the demand by one-half, the price of that produce would fall from 6s. to 3s., and the first man would give, not two-thirds, but only one-third,

of the produce of his day's labour for the whole produce of the day's labour of the second. In this manner, the prices of agricultural produce were raised, during the continuance of the Bank Restriction Acts, not solely by the depreciation of the currency consequent upon those acts, but by the rise in the exchangeable value of agricultural produce, consequent upon the demands of the war, and of a manufacturing and agricultural population in full activity. That not only the prices of agricultural produce were raised during the continuance of the Bank Restriction Acts, as well by the insufficiency of the supply of that produce, as compared with the demand for it, as by the depreciation of the currency, I shall shew by a very simple process, as also the effect which each of those causes produced. But, first, I must request my readers to bear in mind, that the depreciation of a paper currency is in the inverse ratio of the excess of the sum issued; and, consequently, that by as much as an ounce of gold bullion of standard fineness, which is coined into £3. 17s. 10½d., is worth more than £3. 17s. 10½d. in paper, by so much is that paper depreciated.—(*Appendix, D.*)

We learn, then, the price of gold bullion of standard fineness, paid for in Bank of England paper during the continuance of the Bank Restriction Acts, and, of course, the amount of the depreciation of the paper currency, from books kept at Lloyd's Coffee-house; and we are informed by other documents what was the price of wheat, paid for with notes, during the same period. Now, then, in order to ascertain how much the price of a quarter of wheat was raised, during the continuance of the Bank Restriction Acts, by the depreciation of the paper, and how much by the rise in the exchangeable value of wheat, we have only to assume a certain sum in gold, of standard fineness, to

have been equal to the natural value of a quarter of wheat, and to add to it the depreciation of a note for that amount, and we shall obtain the assumed natural value of a quarter of wheat paid for in paper ; the difference between which, and the sum a quarter of wheat was actually sold for, being the rise in the exchangeable value of a quarter of wheat.

The following table shews, in the first column, a period of 20 years from the passing of the first Bank Restriction Act ; the second shews, in round numbers, what was the depreciation per cent. of the bank paper during that period. The first money column shews the value of an ounce of gold bullion, of standard fineness, paid for in Bank of England notes, the difference between which and the sum of £3. 17s. 10½*d.* being inversely as the depreciation of the paper. The next column assumes the natural value of a quarter of wheat, paid for in gold coins, to have been £2. 10s. 3*d.* The following column shews the depreciation of a note for £2. 10s. 3*d.*, which, added to the preceding column, gives the natural value of a quarter of wheat paid for in bank paper. The fourth column shews the difference between the sum of the two preceding columns and column five, which difference is the rise in the exchangeable value of a quarter of wheat. Column five shews the price of a quarter of wheat paid for in bank notes.

Twenty Years from the passing the first Bank Restriction Act.	Depreciation (rejecting Fractions) of Bank of England Paper per Cent.	Column I. Value of an Ounce of Gold Bullion of Standard fineness in Bank of England Notes.	Component Parts of the Price of a Quarter of Wheat.			Col. V. Actual Price of a Quarter of Wheat in Bank Paper.
			Col. II.	Col. III.	Col. IV.	
			Natural Price of a Quarter of Wheat in Gold Coins assumed to be 2 <i>l.</i> 10 <i>s.</i> 3 <i>d.</i>	Depreciation of a Note for 2 <i>l.</i> 10 <i>s.</i> 3 <i>d.</i> which, added to the preceding Column, gives the natural value of a Quarter of Wheat in Bank Paper.	Rise in the Exchangeable Value of a Quarter of Wheat, being the difference between the sum of the two preceding Columns and Col. V.	
		£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
1798	..	3 17 10	2 10 3	2 10 3
1799	..	3 17 9	2 10 4 $\frac{1}{2}$	Bank Notes more valuable than Coin.	0 17 1 $\frac{1}{2}$	3 7 6
1800	9	4 5 0	2 10 3	0 4 9 $\frac{1}{2}$	2 18 6 $\frac{1}{2}$	5 13 7
1801	8	4 4 2	2 10 3	0 4 0 $\frac{1}{2}$	3 3 11 $\frac{1}{2}$	5 18 3
1802	8	4 4 2	2 10 3	0 4 0 $\frac{1}{2}$	0 13 1	3 7 5
1803	8	4 4 2	2 10 3	0 4 0 $\frac{1}{2}$	0 2 2 $\frac{1}{2}$	2 16 6
1804	8	4 4 2	2 10 3	0 4 0 $\frac{1}{2}$	0 5 9 $\frac{1}{2}$	3 0 1
1805	2	4 0 0	2 10 3	0 2 3 $\frac{1}{2}$	1 15 3 $\frac{1}{2}$	4 17 10
1806	2	4 0 0	2 10 3	0 2 3 $\frac{1}{2}$	1 6 5 $\frac{1}{2}$	3 19 0
1807	2	4 0 0	2 10 3	0 2 3 $\frac{1}{2}$	1 0 8 $\frac{1}{2}$	3 13 3
1808	2	4 0 0	2 10 3	0 2 3 $\frac{1}{2}$	1 6 5 $\frac{1}{2}$	3 19 0
1809	10	4 10 7	2 10 3	0 7 10	1 17 6	4 15 7
1810	9	4 5 0	2 10 3	0 4 9 $\frac{1}{2}$	2 11 1 $\frac{1}{2}$	5 6 2
1811	11	4 7 6	2 10 3	0 6 1	1 18 0	4 14 4
1812	29	5 0 8	2 10 3	0 14 9	3 0 5	6 5 5
1813	35	5 5 0	2 10 3	0 19 5	1 19 1	5 8 9
1814	26	4 18 8	2 10 3	0 11 6	0 13 3	3 15 0
1815	20	4 13 10	2 10 3	0 11 3	0 2 10	3 4 4
1816	3	4 0 4	2 10 3	0 1 7	1 4 0	3 15 10
1817	2	3 19 6	2 10 3	0 0 6	2 4 0	4 14 9

The reader will not fail to remark, in the preceding Table, that, in the year 1799, the sum of currency in circulation, which consisted of both gold and Bank notes, was so inadequate to the wants of the country, that £3. 17s. 9d. in currency was equal, in exchangeable value, to £3. 17s. 10½d. in gold bullion: yet, notwithstanding that circumstance, a quarter of wheat was sold for more money then than in the year 1804, when the currency was depreciated 8 per cent.; and that the price of wheat in the year 1813, when the currency was depreciated 35 per cent., was not so high as in the years 1800 and 1801, in the former of which the currency was depreciated only 9, and in the latter only 8 per cent. The average price of a quarter of wheat, during the continuance of the Bank Restriction Acts, was £4. 5s. 1¾d., and the average price of the depreciation of a note for £2. 10s. 3d. was only 4s. 5¾d; assuming then £2. 10s. 3d. to have been the natural price of a quarter of wheat during the continuance of the restriction acts, it was raised by the depreciation of the currency 5s. 4¾d., and £1. 9s. 6d. by the insufficiency of the supply, compared with the demand for it. I trust that these facts will be deemed sufficient to justify me in asserting, in opposition to Mr. Attwood and Mr. Cobbett, that the price of corn and of all other agricultural produce (for there was an equal demand for all), was raised far less by the depreciation of the paper, than by the rise in the exchangeable value of that produce.

But admitting, for the sake of argument, that the high price of agricultural produce, during the continuance of the Bank Restriction Acts, was occasioned by those acts; and that its reduced price, since those acts have been discontinued, has been occasioned by their not having

been renewed ; those circumstances would not justify the violation of the national engagements ; for every Act of Parliament passed to restrain the Bank of England contained a clause, that the restriction should cease within six months after the signing a treaty of peace, which clause was, in effect, a promise, that if the monies advanced in a depreciated currency, during that period, were not re-paid before the termination of the war, or within six months after, they should be paid in a currency of full value. The difference, then, between the value of the depreciated currency and of the money of full value, was a *bonus* to the contractors for the loan, similar in its effects to all other bonuses upon Government loans, the acts to authorise which assure the lenders, that, when paid off, they shall receive £100. in actual money for every £100. stock they hold, though, perhaps, that stock might not have cost them £50. But Mr. Cobbett complains it was a *hard bargain* ; it was, however, no more a hard bargain than other bargains which have been made when the Funds were low : but hard bargains and good bargains are relative terms—a person who borrows money at 4 per cent., in a country where it is usually lent for 3, makes a hard bargain, and a person who borrows money at 8 per cent., in a country where it is usually lent for 10, makes a good one ; but, whether the bargain was a hard bargain or a good one, it was still a bargain, and bargains ought not to be dissolved without the consent of all who were parties to them. Moreover, the validity of these bargains has been recognized by every payment of interest since they were contracted ; and under the guarantee of the Acts of Parliament which sanctioned the original loan, and the recognitions by the payment of interest, the greatest part of the stock has

changed hands, some, perhaps, more than a thousand times, and it cannot be contended that the purchasers have not paid a consideration of full value for all that has been transferred since 1819, when the Bank returned to cash payments. If the financial situation of the country be such, that Ministers cannot pay the dividends (a situation which I believe by no means exists), let them come forward in their places in Parliament, and frankly declare the country to be in a state of bankruptcy; but let us have no juggling—no schemes for equitable adjustments, and those, too, to be effected by inquisitorial researches, which would not be submitted to under the most arbitrary government.

There is another plan of Mr. Cobbett's, less iniquitous but more visionary—the sale of the Crown and Church lands. The purchase of Crown lands may, I believe, be effected by any person who is willing to give a fair price for them. The Church lands cannot be sold, if we except those which are in the gift of the Crown, and of those only the reversionary interest. Mr. Cobbett assumes that they are equal to the discharge of the largest portion of the national debt; but, if those lands were sold at 30 years' purchase, and the debt were to be redeemed at the present price of the funds, 3 per cent. 87, they probably would not pay a twentieth part of it. But if the Crown and Church lands were all thrown upon the market at once, they would not fetch ten years' purchase; and if the stock-holders were paid off, they would require to be paid at par. It must be confessed that Mr. Cobbett's plans do no credit, either to his heart or his head.

I have to apologize to my readers for having so long occupied their attention with the propositions of Mr. Attwood and Mr. Cobbett; but the arrogance of those gen-

tlemen, and the notice which has been taken of them by the press, have, I conceive, imposed upon those who think themselves capable of doing so, the duty of proving to the public the inefficiency, as well as the dishonesty, of their proposals, and the folly of those who are beguiled by them.

A P P E N D I X.



(A.)—It was once said, that a Birmingham merchant sent a cargo of skates and warming-pans to Buenos Ayres, soon after the recognition of the independence of South America by Great Britain; and, not being able to dispose of the articles which the heat of the climate rendered unnecessary, complained that “trade was dull.”

(B.)—In fact, gold bullion, of standard fineness, is usually sold in London for £3. 17s. 6d. an ounce; because, until the coins, by their scarcity, are worth more than $4\frac{1}{2}d.$ an ounce more than the bullion of which they are coined, the bullion merchants do not think it worth their while to have bullion coined.

(C.)—Mr. Attwood told his admiring auditors, at Birmingham, that he had once had an interview with the late Lord Liverpool, and talked with him two hours upon the currency question; I forget whether he said he had made a proselyte of him or not: but he boasted that he had lately met Lord Althorp, who had confessed to him that, although he was once opposed to his opinions, he now entirely concurred with them. I suspect that Lord Althorp had heard of the infliction to which Mr. Attwood had subjected Lord Liverpool, and that he would have made greater concessions to escape from a similar visitation—“*Sic me servavit Apollo.*” Mr. Cobbett may turn to Francis’ Horace, *9th Sat. 1st Book.*

(D.)—If this theory require any further illustration, it will be found in the circumstances connected with the repeal of the last Bank Restriction Act. The first Bank Restriction Act was passed in the year 1797, to restrain the Bank of England from paying its notes in coins, the duration of which act was limited to a few months; before the expiration of that time, however, the act was renewed for a limited period, and before that period arrived it was

again granted to them, and so it was, from time to time, till the year 1816, when Parliament renewed it for two years. In the year 1818, however, Parliament declared that it was highly desirable that the Bank should, as soon as possible, return to the payments of its notes in cash; but that *unforeseen circumstances* had occurred to render it *inexpedient* for the present, and so they continued the restriction till July 5th, 1819. In the Spring of the year 1819, the public, believing that the continuance of the Bank Restriction Act tended to keep up the price of corn, insisted loudly that it should be suffered to expire; on the other hand, the monied interest as violently urged its renewal, and the Bank insisted, that such was the anxiety of the public to obtain gold for exportation, that it would be impossible to comply with all the demands that would be made upon it—that it had already tried the experiment of returning to a metallic currency, by having issued 6,750,000 sovereigns, which had disappeared as soon as issued—that it would be impossible to afford its accustomed accommodations to trade, and that the consequences would be most ruinous to the country, as well as to the establishment, should such a proposition be adopted. In opposition to these opinions, Mr. Ricardo insisted that the anxiety to exchange notes for gold, arose only from the circumstance of the paper being depreciated by reason of its over-issue, and that, if the sum of paper in circulation were no larger than the sum of gold coins which would circulate if paper were not employed, the paper and the gold would be of equal exchangeable value, in which case no one would enquire for gold, by the melting down and the exporting of which he could no longer be a gainer; and as to the sum of 6,750,000 sovereigns, which it was said had disappeared as soon as issued, it was a circumstance not to be wondered at, for, at the moment of making the issue, the Bank circulated ten millions of its notes. In consequence of these conflicting opinions, Parliament appointed a Committee to inquire into the whole subject, which Committee established two facts: first, that there were about fifty millions of paper, of different descriptions, in circulation—secondly, that the price of gold bullion was £4. 2s. per ounce; and then concluded that, as £4. 2s. is to £3. 17s. 10½d. nearly in the ratio of 50 to 47½, it was necessary only to throw the difference between those sums, that is, two millions and a half,

out of circulation, to bring the exchangeable value of the coins and the paper upon the same level. In consequence of this report, Parliament determined to pass a final law for returning to cash payments ; but, in order to enable the Bank to prepare for the anticipated demands for gold, and the Public for the inconvenience to be dreaded from the fall of prices, consequent upon the rise in the currency, it passed an act, to take effect till the first of Feb. following (six or eight months after the passing the bill), requiring that the Bank should cover its notes with gold bullion, not less than 60 ounces being demanded, at the rate of £ 4. 1s. per ounce, till the 1st of October following ; and from and after the 1st of October to the 1st of May following, not less than 60 ounces being required, at the rate of £ 3. 19s. 6d., and from and after the 1st of May, at the legal rate of £ 3. 17s. 10½d. per ounce. Before, however, the bill could pass into a law, the Bank had withdrawn from circulation two millions of its notes ; this measure obliged the country bankers to call in a million of theirs ; and I have heard, that the only demands made upon the Bank for 60 ounces of gold were by two curious persons, who desired to keep them in museums, as evidence of the wisdom of the times. Certain it is, that £ 1. bank notes were sold at Hamburgh at the time for £ 1. 1s. so much was the exchangeable value of the currency raised by this measure above the value of gold bullion. But Mr. Attwood and his disciples still persist in saying, that Mr. Ricardo was wrong in his opinion, that the return to cash payments would raise the value of the currency only about 5 per cent., and rely upon the circumstance of the fall in the price of corn ; as if the price of corn is not affected by any other circumstance than a rise or fall in the value of currency !

(E.)—A great stress is laid by many persons, upon the effects of taxation in producing the distress of the poor ; and yet, during the last war, when a far greater revenue was drawn from a smaller number of persons, and when the poorer classes were subject to many taxes from which they are now relieved, there was no distress ! The number of hands was inferior to the demand for them.

(F.)—By the law of Nature, all her children have an equal right

to partake in equal proportions of all her bounties; and, consequently, the natives of every country have an equal right to an equal division of all its lands; but when men enter into a state of society, they are obliged to relinquish this as well as many other natural rights, for the benefit of the whole community: but the dereliction of natural rights by individuals is in itself an evil, only to be compensated by the attainment of a greater good to the community, and therefore not to be exacted unless it actually procures to the community a sum of benefit sufficient to compensate for the evil it inflicts upon each member of it. Upon this principle no lord of a manor, or other proprietor of waste ground, ought to be suffered to say, “this land is mine, and I will not allow it to be enclosed and cultivated:” for the law has secured to him the possession of that property, not for his good, but for the good of the community; and it would be an absurdity for the law to secure to a person the possession of a property for the good of the community, and to suffer him to say at the same time that it should not be used for such a benevolent purpose. They are but in fact trustees, and therefore ought to be required to employ the property with which they are entrusted for the benefit of those who trust them. Upon this principle, whenever the inhabitants of any parish, or any certain number of them, shall judge, that there are in such parish waste, and commonable lands capable of improvement, they should be allowed to require the owner or owners of the land to apply to the sheriff of the county to empanel a jury upon the spot, to enquire into the premises, and proceed as recommended in the text; and if such owner or owners should refuse to apply to the sheriff, as aforesaid, then it should be lawful for them to petition a judge of assize, upon whom it should be imperative to issue his writ to the sheriff, to be returnable at the following assizes; and the expenses of making such inquiries should be paid out of the poor-rates of the parish in which the lands are situated, if the sheriff and jury shall find that the land is not worth inclosing.

(G.)—It has been said that the principal objection to returning to a silver standard, arises from the mischief which would accrue to the Bank of England in consequence of the rush that would be made upon it for gold; and, although I am no advocate for what

are called energetic measures in general, because they are too despotic ; yet, I think, to carry into effect one of so much importance, an Order in Council for the payment in silver till the Bill could be passed, and a bill of indemnity would be very allowable.

(H.)—By rendering Bank paper a legal tender, I propose only to do that in England by the law of Parliament which has been done in Scotland for more than a century by the law of usage. Paper is the universal instrument of exchange in Scotland for all sums of £1. and upwards; and it has been found equally safe, equally efficacious, and much more commodious than a gold currency; and with the employment of this paper currency, no part of the kingdom has advanced more in prosperity, or suffered less from poverty. Neither is there any complaint of the want of gold by persons who want it for the purposes of commerce, or to fabricate articles of luxury.

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